



Hawai'i District Office Lenders Quarterly

U.S. Small Business Administration Hawaii District Office

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In this issue:

E-Tran	Page 1
Authority Delegated and Not Delegated to Lenders	Page 2
National Lender Guide	Page 3
Fresno Commercial Loan Service Center	Page 4
IRS Contact	Page 5
Loan Activity	Page 7
Lender of the Year	Page 8
Lending Officer of the Year	Page 9

For More Information

- SBA offices are located in all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam. For the office nearest you, look under "U.S. Government" in your telephone directory, or call the SBA Answer Desk.
- SBA Answer Desk:
1-800 U ASK SBA
- Fax: 202-205-7064
- E-mail: answerdesk@sba.gov
- TDD: 704-344-6640
- Your rights to regulatory fairness:
1-800-REG-FAIR
- SBA Home Page: www.sba.gov

All of the SBA's programs and services are provided to the public on a nondiscriminatory basis.

E-TRAN

What is E-Tran?

E-Tran is an SBA loan guaranty origination solution that leverages best-practice Internet technology to reduce the turnaround time on loan guaranty requests and provide the agency with high quality, timely data to support the management and oversight of its portfolio. E-tran is one component of an overall strategy to provide increased efficiency and decreased costs in the loan guaranty origination process.

E-Tran was created to allow access through a number of channels, including:

- A Web page where lenders can enter loan information for single loans;
- A secure Web site capable of accepting multiple applications simultaneously via an XML (Extensible Markup Language) file transfer
- Working with software intermediaries that have E-Tran loan submission functionality built into their program.

The Agency has been requested repeatedly, to work with the financial industry's software providers to incorporate E-Tran into their software products. The technical specifications for E-Tran were designed so that any bank is able access this system regardless of their level of technical expertise.

Who is eligible for E-tran?

SBAExpress lenders with delegated eligibility authority will be given 1st preference, but all Express lenders are eligible. SBA is taking an incremental approach to opening E-Tran. Currently SBA Express represents over 50% of all loans guaranteed and is our highest priority. PLP lenders and 504 loans will come online within the near future. A final timeline has not been determined.

How does it work?

- Lender A (high level of technological capability or subscribes to a documentation software vendor)
Lenders will have access to E-Tran whether they use commercially available software or an in-house designed program. Either can be easily updated to implement E-tran. Software vendors and lending partners can use the E-tran documentation to customize their software to extract SBA's required data from their systems. This documentation describes the technology standards and data required to send an Internet file transfer to SBA.

<http://www.sba.gov/banking/modernization.html>

Once implemented, the data is sent to the SBA much like an e-mail attachment. The file transfer data is subjected to the same validation rules and constraints as data entered into the web application.

For example, a \$5 million SBAExpress loan guaranty request would be screened out for exceeding the "maximum loan amount" business logic coded into the system. In this instance, the system informs the user of the error and requests an acceptable entry for loan amount.

- Lender B (has Internet capability, but does not use a software vendor product)
Lenders must log into the system with their user names and passwords, which are entered in the New IT Security system and authenticated against SBA's Partner Identification Management System (PIMS). The Security system and PIMS serve as the gatekeepers to E-tran. The integration of these three systems prevent a lender with an inactive SBAExpress agreement from processing a SBAExpress loan electronically.

Once logged into the system, SBAExpress lenders will enter the data required to receive a loan number, most of which is the same as what is contained on the paper-based SBAExpress forms currently being used by SBAExpress lenders. It is important to note there are some additional data fields required in E-tran that some lenders may be unfamiliar with submitting during the loan guaranty approval process. Upon completion of the data entry, which takes an experienced SBAExpress Lender approximately 15-20 minutes, lenders will validate the data against SBA's business rules, correct any mistakes, and then submit the loan application. Within minutes the lender will receive an SBA loan number signifying approval of the loan guaranty request.

How to get started?

Lenders should contact:

Stephen Kucharski-- (202)205-7551 or Stephen.kucharski@sba.gov

Glenn Hannon-- (202)205-7122 or Glenn.Hannon@sba.gov



AUTHORITY DELEGATED AND NOT DELEGATED TO LENDERS

SBA expects its lending partners to utilize "unilateral/delegated authority" (i.e., without prior written consent of SBA) whenever possible. In SOP 50 50 4, SBA has delegated to Lenders similar authority for loans processed under LowDoc that are in "regular servicing" status. SBA also specifies which actions it has NOT delegated to such Lenders ("non-delegated actions").

SBA expects Lender to perform delegated or unilateral servicing actions without concurrence by or notification to SBA. Lenders must retain documentation regarding the action in its loan file.

It is important for the Lender to recognize that they must NOT exercise "unilateral/delegated authority" indiscriminately. (SOP 50 50 4, Ch. 4, ¶ 12)

- Prudent lending/credit practices must always be used.
- Unilateral actions can be taken only when they:
 - Assist the small business in solving a problem;
 - Assist in its ability to repay the loan;
 - Will not adversely affect the interest of the Lender/SBA; and
 - Are in compliance with all applicable laws and regulations.

Remember that certain terms and conditions were placed in the loan and agreed to by all parties (borrower, Lender/SBA):

- To ensure repayment ability and success of the small business; and
- As a condition to the approval of the loan.

Non-delegated actions for PLP and Express Lenders and for LowDoc loans

SBA delegates to PLP and Express Lenders, and to other Lenders for LowDoc loans, authority to take all necessary routine "loan servicing" actions without prior SBA approval, **except**:

- Any action that would create a conflict of interest or confer any preference on the Lender in collection or lien position with respect to SBA's position or the shared SBA/Lender position on the guaranteed loan.
- Compromise with any obligor of the principal loan balance outstanding for less than the full amount due. Lender can adjust accrued interest, if justified, without prior written SBA approval.
- If a loan is delinquent or liquidation is contemplated or underway, prior SBA approval is required to release a guarantor for less than the principal balance owed even if actual demand has not yet been made on the guarantor.
- Title property in the name of the Agency without SBA's prior written approval.
- Acquisition of title (in Lender's name or the Agency's) to environmentally impaired property.
- Transfer of a loan to another Lender.
- Sell or pledge more than 90% of a loan.
- Increase the loan amount or change the percentage of the SBA guaranty.

- Make an emergency repurchase from the secondary market (See SBA Form 1086).
- Handle non-routine litigation or litigation involving legal costs exceeding \$5,000.

For actions not identified above, PLP, Express and LowDoc lenders must use their delegated authority.

Unilateral authority for all other Lenders

All other Lenders have limited unilateral authority to make certain adjustments in the terms and conditions of a loan if SBA does not consider the action to be “substantial” and the action does not confer preference on the Lender. “Preference” would include but not be limited to a release or subordination of collateral to secure another loan made to the borrower by the same Lender.

The following is a listing of allowable unilateral actions such Lenders may take without SBA’s prior consent (subject to the restrictions and requirements in SOP 50 50 4, Chapter 4, paragraph 13). **These actions should not be sent to SBA.**

- Correct obvious typographical errors in the Authorization.
- Provide pay off figures to the borrower.
- Modify financial statement requirements.
- Deferment of principal and/or interest payments not to exceed a cumulative total of 6 months during the life of the loan or a cumulative value in excess of 20% of the original loan amount, whichever is less).
- Release of collateral up to a cumulative value of 20% of the original loan amount.
- Re-subordinate to existing third party senior lien.
- Change insurance requirements.
- Adjustments to the installment amount.
- Make loans to the borrower that do not affect the collateral.
- Adjustments to management covenants.
- Accept prepayments.
- Extend initial disbursement period up to 6 months.


Actions that Require Notification to SBA (but not approval or response by SBA)

- Loan cancellations.
- Decreases in loan amount.
- Changes in maturity.
- Changes of business name and address.
- Extensions of disbursement periods.
- Notice of prepayments.

For actions requiring SBA approval, please submit the request in writing by fax or email using “Loan Servicing Requests Guidelines of the Commercial Loan Servicing Centers” (<http://www.sba.gov/banking/servicing.doc>).


National Lender Guide
Available at www.sba.gov/banking/lenderguide.html

National Lender Guides

- ❖ [Table of Contents](#)
 - ❖ [Chapter 1: Eligibility Processing](#)
 - ❖ [Chapter 2: Loan Closing](#)
 - ❖ [Chapter 3: Fact Sheets](#)
 - ❖ [Chapter 4: Loan Servicing](#)
 - ❖ [Chapter 5: Liquidation Litigation](#)
 - ❖ [Chapter 6: Guaranty Purchase](#)
 - ❖ [Chapter 7: Lender Oversight Monitoring](#)
 - ❖ [Appendix](#)
- 



UNITED STATES SMALL BUSINESS ADMINISTRATION
 COMMERCIAL LOAN SERVICE CENTER
 2719 North Air-Fresno Drive, Suite 107
 Fresno, California 93727-1547
 (559) 487-5136



Send NEW servicing requests to us via

E-MAIL: * FSC.Servicing@sba.gov

FAX: (559) 487-5803

HOW do I check on the status of my request?

Call our main number at **1-800-347-0922** and choose **Option Number 4**. This will connect you with a Lender Liaison Representative who can tell you the status of your action and who is handling it. To find the name, phone number and fax number of the Loan Officer assigned to your loan number, see the list below.

HOW is my servicing request assigned?

Requests for servicing actions are assigned to Loan Officers based on the 5th and 6th digits (reversed) of the SBA 10-digit loan number. This concept is best explained by example:

<u>Loan # digits:</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>	<u>5th</u>	<u>6th</u>	<u>7th</u>	<u>8th</u>	<u>9th</u>	<u>10th</u>	<u>6th5th</u>	<u>Loan Officer assigned</u>
1) Sample Loan #:	2	8	7	5	6	0	4	0	0	8	06	Castro, Elodia
2) Sample Loan #:	4	3	9	6	1	3	3	0	0	0	31	Fraijo, Olivia

Contact Information:

Center Director	Joel A. Stiner	x215	joel.stiner@sba.gov	202-481-2575
Acting Asst. Director	Gary A. Wamhof	x227	gary.wamhof@sba.gov	202-481-2019
Loan Digits:	Loan Officer:	Phone:	E-mail:	Personal Fax:
01 — 14	Castro, Elodia	x214	elodia.castro@sba.gov	202-481-1858
15 — 28	Davidson, Steve	x242	steven.davidson@sba.gov	202-481-5660
29 — 42	Fraijo, Olivia	x219	olivia.fraijo@sba.gov	202-481-4758
43 — 56	Jung, Barbara	x253	barbara.jung@sba.gov	202-481-0374
57 — 70	Oehlschlaeger, MaryJane	x228	maryjane.oehlschlaeger@sba.gov	202-481-4478
71 — 84	Sabbatini, Tim	x231	timothy.sabbatini@sba.gov	202-481-5871
85 — 98	Zamora, Lupe	x245	lupe.zamora@sba.gov	202-481-4241
99 — 00	assigned on a rotation basis			

WHERE do I send my questions regarding the **1502 Colson Report**?

The Center has created a special e-mail address expressly for your 1502 questions. However, we do ask that you contact Colson Services first. If they are unable to provide a response, forward your question to FSC.1502@sba.gov and you will receive a response from us within 24 hours. Additionally, you may contact us at 559-487-5136 and ask for either Theresa Pike at extension 243 or Janet Shelley at extension 207 if you have questions.

*** When e-mailing a request, supporting or corresponding documents should be attached to the original e-mail request. Where this is not possible, fax supporting documents (i.e., a preliminary title report for legal review) to 202.481.0483.**

UPDATED INTERNAL REVENUE SERVICE (IRS) CONTACT INFORMATION

(SBA Information Notice #5000-919 effective 5/12/04)

IRS contact information has changed since the last Lenders Quarterly edition. Use the following updated contact points and telephone numbers to request copies of IRS tax transcripts to verify business financial information included in SBA loan applications.

IRS Service Center in Fresno:

5045 E. Butler Avenue
Stop 38 101
Fresno, CA 93727

Linda Wade Dana Taylor	<u>Phone</u>	<u>Fax</u>
	559-253-4956 559-253-4961	559-253-4993

Questions can be directed to Judy Baker of IRS at (404) 338-8319 or Len Fegan-SBA at (202) 205-6301.

District Office Marketing and Outreach

Weekly Small Business Resource Center Orientation and Our Participants



Erlyne Lum participating in the SBRC orientation along with Jarrett Oshiro, Hawaii National Bank, Raymond Nakagawa, American Savings Bank and Lawrence Pai, Central Pacific Bank



Workshops



Frances Ishida, surety,
and Jerry Hirata
conducting a class at
the Building Industry
Association



Kim Hite participating
in a Small Business
Resource Center
Workshop



Small Business Development Center
Procurement/Contracting Workshop on Maui—
Pictured are (left to right)
GSA Stephanie Turner
GSA Pam Smith -Cressel
SBDC-Maui David Fisher
SBA-Lyn Womack
SBA Procurement Specialist Mary Spencer



SBA Hawaii District Office

Loan Activity, FY 2004

Nine Months Ended June 30, 2004

<u>Bank</u>	<u>No. of Loans</u>	<u>Gross</u>
Bank of Hawaii	72	7082.7
First Hawaiian Bank	47	4682.0
Central Pacific Bank	24	3362.0
Citizens Security Bank	14	3289.3
American Savings Bank	14	2659.5
City Bank	8	1175.1
Bank of Guam	7	1029.4
Hawaii National Bank	5	484.6
BankPacific	2	125.0
Business Loan Center	1	1162.0
Comerica Bank	1	341.0
Subtotal	195	25392.6
Innovative Bank	123	876.0
Capital One	5	225.0
Microloan	6	37.5
Total 7(a) Loans	329	26531.1
HEDCO 504 Loans	27	10740.0
Lokahi Pacific 504 Loans	4	1876.0
Grand Total	360	39147.1

SBA Hawaii District Office

Lender of the Year Award

Ranking at Nine Months, June 30, 2004

No. of Loans		Bonus	Total	504 Bonus	7a Bonus
in Hawaii & Guam	Loans X 2	Points	Points	Points	Points
CATEGORY I					
Bank of Hawaii (Hawaii & Guam)	72 144	48 *	192	20	28
First Hawaiian Bank/ Bank of the West (Hawaii & Guam)	47 94	42 *	136	29	13
No. of Loans		Bonus	Total		
in Hawaii	Loans X 2	Points	Points		
CATEGORY II					
Central Pacific Bank	24 48	15 *	63	8	7
American Savings Bank	14 28	9 *	37	2	7
City Bank	8 16	3 *	19	2	1
Hawaii National Bank	5 10	3 *	13	2	1
*Third Party Lender					

Lending Officer of the Year –
Ranking As of June 30, 2004

Lending Officer	Bank	Branch	# Loans	Pts. =		
				# Loans X 2	Bonus Points	Pts. + Bonus Pts.
Oahu						
Dickinson, John	ASB	Main	8	16	6	22
Masuno, Naomi	CPB	Kaimuki	9	18	1	19
Pai, Lawrence	CPB	Makiki	7	14	1	15
Nakagawa, Ray	ASB	Main	6	12	1	13
Ventura, Jeff	FHB	Ward	4	8	3	11
Yamada, Chris	FHB	Kapahulu	5	10	1	11
Stauring, Joel	BOH	Kailua	3	6	3	9
Okazaki, Lloyd	CPB	Mapunapuna	2	4	1	5
Okazaki, Lloyd	FHB	Pearlridge	2	4		4
Olanolan, Beulah	BOH	Pearlridge	3	6	2	8
Sorensen, In Ge	BOH	Waialae-Kahala	3	6	2	8
Matsumoto, Patrick	BOH	Ala Moana	3	6	1	7
Nishijima, May	FHB	Kaneohe Bay	3	6	1	7
Fujinaka, Keene	BOH	Pearlridge	3	6		6
Lu, Randy	CB	Main	3	6		6
Wakamura, Wesley	FHB	Kapiolani	2	4	2	6
Cameron, Winfred	FHB	Wahiawa	2	4	1	5
Iwana, Iris	FHB	Main	2	4	1	5
Lau, Susan	FHB	Haleiwa	2	4	1	5
Au, Randy	BOH	Waipahu	2	4		4
Oshiro, Jarrett	HNB	Pearl City	2	4		4
Pingree, Gayle	FHB	Waipahu	2	4		4
Sadanaga, Karl	BOH	Waipahu	2	4		4
Senda, Dean	CB	Main	2	4		4
Arashiro, David	CPB	Kalihi	1	2	1	3
Iwasaki, Lance	BOH	Waipahu	1	2	1	3
Kaaialii, Mitchell	FHB	Manoa	1	2	1	3
Labason, Sonny	CPB	Kalihi	1	2	1	3
Shimabukuro, David	FHB	Ewa Beach	1	2	1	3
Sokolowski, Greg	CB	Main	1	2	1	3
Sung, Joe	BOH	Metro	1	2	1	3
Uyeda, Dean	HNB	Makiki	1	2	1	3
Chang, Paula	FHB	Main	1	2		2
Chang, Ron	FHB	Kapiolani	1	2		2
Comes, Steven	FHB	Makiki	1	2		2
Fujii, Scott	BOH	Pearlridge	1	2		2
Goo, Alvin	FHB	Hawaii Kai	1	2		2
Grace, Garrett	CPB	Main	1	2		2
Honda, Lori	BOH	Waiakamilo	1	2		2
Ikeda, Jan	FHB	University	1	2		2
Kanoa, Manly	BOH	Pearlridge	1	2		2
Koyanagi, Jason	BOH	Metro	1	2		2

Leung, Paul	HNB	Main	1	2		2
Mendonsa, Gareth	FHB	Moanalua	1	2		2
Mento, Kirk	CPB	Ward	1	2		2
	FHB	Pearl City	1	2		2
Shigeta, Darin	BOH	Waiakamilo	1	2		2
Son, Trong	FHB	Main	1	2		2
Suhas, Amber	BOH	Metro	1	2		2
Tojio, Lois	FHB	Aina Haina	1	2		2
Wengler, Faye	BOH	Ala Moana	1	2		2
Wong, Dennis	HNB	Airport	1	2		2
Yamamoto, Gwen	CPB	Main	1	2		2
Yamashita, Bryan	BOH	Metro	1	2		2
Total			112			
Kauai						
Murata, Jeff	FHB	Lihue	4	8	1	9
Mayfield, Jim	BOH	Kukui Grove	4	8		8
Sandrowski, Jennifer	BOH	Kukui Grove	1	2		2
Total			9			
Maui						
Wilhelm, Nicole	BOH	Kihei	5	10	1	11
Dagan, George	BOH	Lahaina	4	8	2	10
Peterson, Bard	FHB	Kahului	3	6	1	7
Feliciano, Lolita	BOH	Kahului	2	4	2	6
Baker, Sue	BOH	Kahului	2	4	1	5
Santander, Alvin	BOH	Wailuku	2	4	1	5
Garzino, Arnold	FHB	Kahului	2	4		4
Lum, Davin	BOH	Lahaina	1	2		2
Matsumoto, Patricia	CB	Kahului	1	2		2
Total			22			
East Hawaii						
Uyetake, Roxann	BOH	Kaiko'o	2	4	1	5
Higashi, Howard	FHB	Hilo	2	4		4
Stroh, Marcella	CPB	Hilo	1	2	1	3
Chu, Roberta	BOH	Kaiko'o	1	2		2
Dykstra, Beth	BOH	Waiakea	1	2		2
Holland, Don	City	Hilo	1	2		2
Total			8			
West Hawaii						
Jones, Alison	BOH	Kailua-Kona	3	6	1	7
Potter, Emily	BOH	Kamuela	2	4	1	5
Dermengian, Christie	BOH	Kailua-Kona	1	2	1	3
Binney, Joycelyn	BOH	Kailua-Kona	1	2		2
Erskine, Chuck	FHB	Kamuela	1	2		2
Total			8			